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Rewald Can't Press CIA Suit on Behalf of Bankrupt Firm

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U.S. Judge Martin Pence yesterday denied Ronald Rewald's request that the administrator of Rewald's bankrupt investment company give up his claim to sue the CIA and transfer that right to Rewald.

Rewald's attorney, Robert Smith, told Pence that the suit against the CIA was the investors' "only hope" of recouping their investments and that Rewald has "the greatest interest" of any parties involved in pursuing the claim.

He also pointed out that administrator Thomas Hayes has said publicly he thinks there is no basis for a suit against the CIA.

But bankruptcy attorney James Wagner said Hayes still is investigating the possibility of a suit against the CIA and does not want to give up the right to file such a suit.

Rewald is pursuing his claim against the CIA anyway, Smith said. He has filed a \$671 million claim against the CIA as a third-party plaintiff in another civil case related to the bankruptcy.

Smith said Rewald also is pursuing a personal claim against the CIA alleging mental anguish and distress. That suit currently is in

limbo because of legal technicalities involved in suing the CIA.

REWALD ALSO had wanted to sue the CIA on behalf of the bankrupt company, but can only do so if the bankruptcy trustee gives up his right to sue the CIA. Wagner said trustee Reynaldo Graulity does not want to give up that right and Pence refused yesterday to order him to do so.

Rewald contends in court documents that he was a covert CIA agent and that the CIA propped up his company with large infusions of money.

Hayes has said he's found no documents to support that contention.

Smith said Hayes has not made an effort to trace company checks to the original source of their funds to confirm the alleged CIA involvement. Smith said such an effort would cost at least \$500,000, which Hayes does not want to spend.

Smith said Mainland attorney Melvin Belli, who is representing an investor in the bankrupt company, has agreed to bear that cost to pursue that contention.

Rewald met with Belli on his recent visit to the Mainland and said Belli is still anxious to pursue the CIA claim.

Belli is scheduled to come to Hawaii next month in connection with the claim.